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MEMORANDUM FOR: Chief
United States Secret Service
Attention: Mr. Thomas Kelly

SUBJECT : Frederick SCHWEND

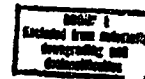
1. Reference is made to a meeting between General Carter and Messrs. Rowley and Kelly of the Secret Service on 1 August 1963, at which time Messrs. Rowley and Kelly noted to have CIA ☐ establish contact with SCHWEND for the purpose of obtaining answers to certain items of interest to the Secret Service.

2. On 11 October 1963 the representative of this Agency ☐ forwarded the following information relating to Subject. The information was elicited indirectly from Subject by the Peruvian Investigations Police (PIP).

- a. SCHWEND said that he has not been approached concerning re-entering the counterfeiting field. He was vaguely aware of a woman who transited Lima in 1961 or 1962 carrying "two or three packets of counterfeit dollars." SCHWEND said that he passed this information on to a member of the PIP.
- b. In late 1942 Subject was directed to obtain several British 5-, 10-, 20-, and 50-pound notes and to collect information on the range of serial numbers. The plates were then made by the technical branch of the SD (German Security Service), and paper was procured. The first bills were produced in the Spring of 1943. Subject does not know how much was produced but said it was in the "millions of pounds." Subject says that he was responsible for the distribution of the counterfeit pounds and had five principal agents in Switzerland, Italy, Belgium, The Netherlands, and Yugoslavia. These agents had sub-agents who made black-market purchases in occupied countries and open purchases in neutral countries. They bought scarce items

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(2)(A) Privacy ☐
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requiring harder currency than reichmarks, such as diamonds, gold, foodstuffs, and Soviet weapons. The operation was blown and as a result was terminated in the Winter of 1943. Subject said that he does not know the disposition of the plates but they may be in the 2500-pound cache of Haltenbrunner papers which is hidden in or near Lake Toplitz, Austria. Subject says that only he and two others know the exact location of this cache, and for that reason the German Government is preventing his return to either Germany or Austria for fear that he will recover the cache and embarrass the German Government.

3. This Agency's representative [] has also reported that the FIP made a routine investigation which determined that Subject is an agent of the Peruvian Military Intelligence Service. The representative was unable to determine whether Subject was furnished information concerning Cuban Government counterfeiting of American or other notes.

FOR THE DEPUTY DIRECTOR (PLANS):

JAMES ARGLETON

CCCI-3/778,577

WH/P [] :dc 16 October 1963

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